

# Honolulu Star-Bulletin

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## Anti-CIA, Pro-Rewald Leaflets Circulate at Fraud Trial

By Charles Memminger  
Star-Bulletin Writer

Ronald Rewald's attorneys were expected to rest their case today after only a week of testimony and without Rewald taking the stand in his fraud trial.

But while his attorneys were finishing their court battle, anonymous Rewald supporters were busy in and around the courthouse, leaving pro-Rewald magazine articles and anti-CIA leaflets.

Some leaflets, left around the courthouse and adjacent streets, said "Judge Fong CIA Puppet." Xerox copies of a Rewald article in an anti-CIA publication called "Spotlight" were left in the women's restroom in federal court this week.

U.S. Judge Harold Fong yesterday said in a hearing out of the presence of the jury he was concerned that the jury might be affected by the "concerted effort to influence opinion."

He asked the U.S. Marshals Service to patrol the courthouse and surrounding area for the rest of the trial to make sure that published materials, either for or against Rewald, are not left where jurors can see them.

JURORS HAVE been instructed not to read any newspaper accounts or watch any television broadcasts of the trial.

The Spotlight article contains numerous inaccuracies about the case, including a charge that Fong instituted a gag order to stop the parties from talking about the case. Fong earlier refused the government's request for a gag order.

The article also erroneously says that Rewald's attorneys have been found in contempt of court.

The article implies that there is a conspiracy by the government, judge and news media to convict Rewald. That conspiracy theory has been brought up repeatedly to news reporters by Rewald supporters, who see Rewald as a spy left out in the cold.

Federal Public Defender Michael Levine told Fong he regretted that the distribution of the material took place and said the defense team disavows any association with it.

The defense neared the end of its case yesterday with the continued questioning of its strongest witness thus far — former CIA field office chief Jack Rardin.

LEVINE REITERATED that his client would not take the stand in light of Fong's ruling barring Rewald from discussing the entire contents of Rewald's sealed affidavit.

Through Rardin, Deputy Federal Public Defender Brian Tamanaha has been able to introduce previously classified documents that indicate the CIA apparently tried to help Rewald avoid a federal tax investigation.

One cable from CIA Washington headquarters gave Rewald three different cover stories he could use to explain why tax returns were not filed for three companies used by Rewald as CIA covers.

But the government patched up some of the damage by introducing another cable from CIA headquarters to the Honolulu field office. That cable showed that once the CIA learned in January 1963 that Rewald was under criminal tax investigation, it would not help him further.

"Please note that CIA intervention with the IRS re this matter is only for the purpose of providing to the IRS the exact amounts, dates and reasons for monies being given to Rewald," the cable said. "It is important that you understand that the

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CIA cannot and will not provide further assistance to Rewald with respect to his tax situation."

THE CIA had stopped the IRS investigation for about two weeks to try to verify Rewald's claims that he had done much more than only provide "light cover" for agents through the Honolulu field office. Rewald had told Rardin that he had funneled large amounts of money for CIA agents unknown to Rardin.

Rardin said, however, that when two CIA investigators met with Rewald, Rewald did not bring up his alleged money-funneling role.

After the investigators left, the IRS investigation was resumed.

The CIA claims it only gave Rewald about \$3,000 to cover telephone and telex bills related to the "light covers" for overseas agents.

Under questioning by Assistant U.S. Attorney John Peyton, Rardin admitted he was embarrassed at having become involved with Rewald. That association resulted in Rardin getting a reprimand from the CIA on the eve of his retirement. Rardin's voice cracked as he described

the reprimand as the only "black mark" on his 30-year CIA career.

RARDIN, LIKE his two CIA field office chief predecessors, described himself as a victim of Rewald. Rardin invested \$1,500 in Bishop, Baldwin, Rewald, Dillingham & Wong. In May 1983, just months before the collapse, the CIA told Rardin to withdraw the money because it was a conflict of interest since Rewald was one of Rardin's contacts.

Rardin said he later had to give the money back to the bankruptcy trustee because he had withdrawn it within 90 days of the collapse.

Levine succeeded in having Ralph McGehee, a former CIA agent, declared as an expert witness, but only for the limited purpose of discussing CIA record-keeping.

McGehee said CIA offices sometime keep "soft files," or records that do not exist in the central records system. Once "soft files" are destroyed, there is no record that they existed, he said.

Rewald's attorneys have insinuated that the CIA has destroyed

files related to its association with Rewald.

THE GOVERNMENT contends the CIA even keeps records of records that are destroyed.

The cross-examination of McGehee by prosecutor Ted Greenberg took an unexpected turn at the conclusion when McGehee disclosed that prosecutor Peyton used to work for the CIA.

Peyton had been a CIA attorney but became an assistant U.S. attorney in Florida and then was assigned to Hawaii. The government contends that his appearance in Hawaii at the time of the Bishop, Baldwin collapse was coincidental.

Judge Fong agreed that the jury did not have to know about Peyton's CIA association.

But the matter came up when Greenberg questioned McGehee about a trip to Cuba McGehee took. McGehee said the CIA cleared him to go to Cuba and Greenberg pressed him to disclose who had given him the clearance.

"I don't think you want the answer to that," McGehee said. But pressed further, he said, it was Peyton who gave him the clearance.